MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

Municipal Financing Corporation of Saskatchewan

Letter of Transmittal

Regina, Saskatchewan
March 11, 1983

To His Honour,
the Honourable C. Irwin McIntosh,
Lieutenant-Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of the Municipal Financing Corporation of Saskatchewan for the year ending December 31, 1982, including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Municipal Financing Corporation Act.

I have the honour to be, Sir.

Your obedient servant,

R. L. Andrew
Minister of Finance
and Minister Responsible,
Municipal Financing
Corporation of Saskatchewan.

Municipal Financing Corporation of Saskatchewan

DIRECTORS

Honourable R. L. Andrew
(Minister of Finance)

Honourable P. J. Schoenhals
(Minister of Urban Affairs)

Honourable R. H. Pickering
(Minister of Rural Affairs)

Mr. S. R. Barg

Honourable G. G. Currie
(Minister of Education and
Minister of Continuing
Education)

OFFICERS

Mr. M. I. Meiklejohn
General Manager

Mr. W. D. Baldwin
Secretary

Municipal Financing Corporation of Saskatchewan

Annual Report 1982

The Municipal Financing Corporation of Saskatchewan was established to assist in making capital funds available for the financing of essential local improvements, school, hospital and other construction projects in cities, towns, villages and rural areas throughout the Province. The Corporation may borrow directly or through the Department of Finance and uses the funds to purchase a portion of the authorized debentures sold each year by Saskatchewan local authorities.

During the year under review, the Corporation participated in the financing of 79 projects throughout Saskatchewan by agreeing to purchase $23.06 million of municipal debentures. At year end, the Corporation had outstanding commitments to purchase a further $4.5 million upon delivery of the debentures.

Canadian interest rates declined in 1982 from record high levels reached in 1981. This decline enabled the corporation to convert some of its short term borrowings into long-term fixed debt. This meant that interest rates on borrowed funds were kept in line with the rates requested on municipal debentures.

Further declines in interest rate levels in the last quarter of 1982, which are expected to continue into the first quarter of 1983, will allow the Corporation to lend funds to local authorities at more favourable levels.

The Municipal Financing Corporation of Saskatchewan is administered by a Board of Directors through use of staff and facilities provided by the Crown Investments Corporation of Saskatchewan. The Corporation paid $18 thousand in 1982 for reimbursement of the costs of providing administrative services and for audit fees. The Directors do not receive fees and, with the exception of interest paid on borrowed funds, the Corporation had no other expenses in 1982. A table showing results of operations in the year under review, as compared to the previous year, is set out on page 4.

Municipal Financing Corporation of Saskatchewan

Comparative Table of Operations

For the Year Ended December 31

	1982	1981
	(thousands of dollars)	
Amount of debentures approved by the Corporation (net of subsequent reductions	$ 23,059	$ 14,420
Prior year's purchase commitments carried forward	$ 4,990	$ 2,822
Total purchase commitments for the year	26,949	17,242
Purchases completed	23,520	12,252
Purchase commitments outstanding at the year end	$ 4,529	$ 4,990

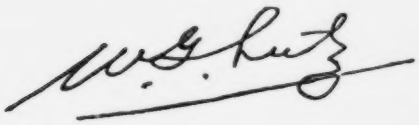
Municipal Financing Corporation of Saskatchewan

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Municipal Financing Corporation of Saskatchewan as at December 31, 1982 and the statement of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Regina, Saskatchewan
January 24, 1983.

Municipal Financing Corporation of Saskatchewan

Statement of Financial Position

As at December 31

ASSETS	1982	1981
	(thousands of dollars)	
Bank	$ 1,150	$ —
Interest receivable	4,388	2,989
Investments in municipal securities, at amortized cost (market value 1982 — $100,846; 1981 — $59,457) (Note 6)	99,299	78,032
	$ 104,837	$ 81,021
LIABILITIES AND PROVINCE'S EQUITY		
Liabilities		
Bank indebtedness	$ —	$ 1,367
Accounts payable	3	19
Accrued interest	1,056	1,441
Debentures payable within one year	—	5,000
Notes payable — Province of Saskatchewan	35,000	17,555
Long-term debentures payable (Note 3)	72,000	57,000
	108,059	$ 82,382
Province of Saskatchewan's Equity		
Deficit	(3,222)	(1,361)
	$ 104,837	$ 81,021

(See accompanying notes)

Municipal Financing Corporation of Saskatchewan

Statement of Operations

For the Year Ended December 31

	1982	1981
	(thousands of dollars)	
Revenue		
Investment income	$ 10,969	$ 7,893
Expenses		
Interest (Note 5)	12,810	9,911
Administration	20	21
	$ 12,830	$ 9,932
Net Loss	$ 1,861	$ 2,039

Municipal Financing Corporation of Saskatchewan

Statement of (Deficit)

For the Year Ended December 31

	1982	1981
	(thousands of dollars)	
Balance, beginning of year	$ (1,361)	$ 678
Net loss	(1,861)	(2,039)
Balance, end of year	$ (3,222)	$ (1,361)

(See accompanying notes)

Municipal Financing Corporation of Saskatchewan

Statement of Changes in Financial Position

For the Year Ended December 31

	1982	1981
	(thousands of dollars)	
Sources of cash		
Issue of long-term debentures	$ 15,000	$ 22,000
Proceeds from maturity of municipal securities	2,273	1,305
Increase in accounts payable	—	19
Increase in notes payable	17,445	—
	34,718	23,324
Uses of cash		
For operations		
Net loss	1,861	2,039
Non-cash charges (Credits)	20	(46)
	1,881	1,993
Repayment of debentures	5,000	—
Decrease in accounts payable	16	—
Decrease in notes payable	—	8,445
Increase in accrued interest (net)	1,784	153
Purchases of municipal securities net of related premium	23,520	12,256
	32,201	22,847
Increase (decrease) in cash position	2,517	477
Bank indebtedness, beginning of year	(1,367)	(1,844)
Cash (bank indebtedness), end of year	$ 1,150	$ (1,367)

(See accompanying notes)

Notes to Financial Statements

December 31, 1982

1. Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

a. Investments in municipal securities

Investments are recorded at par value plus or minus unamortized premium or discount. Amortization of premiums and discounts is provided on an interest basis over the term of the investments for amounts in excess of $250.00. Under this procedure, investment interest for the year represents both the stated rate of interest paid and the implicit adjustment of that rate associated with the purchase of the investments at a premium or discount related to their face value.

2. Status of Corporation

The Municipal Financing Corporation was established in 1969 pursuant to the provisions of The Municipal Financing Corporation Act.

The accounts of the corporation are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan.

3. Long Term Debentures Payable

Series	Year of Repayment	Interest Rate	1982	1981
			(thousands of dollars)	
2	1982	8	$ —	$ 5,000
3	1984	9 7/8	1,000	1,000
3	1985	9 7/8	1,000	1,000
7	1985	8 5/8	1,000	1,000
7	1986	8 5/8	1,000	1,000
4	1986	9 3/4	1,000	1,000
6	1987	9	1,000	1,000
11	1987	11 3/4	2,000	—
6	1988	9 1/8	1,000	1,000
11	1988	12	2,500	—
3	1989	9 7/8	1,000	1,000
4	1989	9 3/4	1,000	1,000
9	1989	11 3/4	2,000	2,000
11	1989	12	2,500	—
10	1989	15 7/8	2,000	2,000
9	1990	11 3/4	1,000	1,000
11	1990	12 1/4	4,000	—
6	1990	9 1/4	2,000	2,000
10	1990	15 7/8	2,000	2,000
5	1991	9 1/2	1,000	1,000
3	1991	9 7/8	1,000	1,000
10	1991	15 7/8	5,000	5,000
*	1991	17	2,000	2,000
3	1992	9 7/8	1,000	1,000
7	1992	9 1/8	1,000	1,000
5	1992	9 1/2	1,000	1,000
10	1992	15 7/8	3,000	3,000
*	1992	17	2,000	2,000
8	1993	9 5/8	1,000	1,000
4	1993	9 3/4	2,000	2,000
*	1993	17	2,000	2,000
4	1994	9 3/4	1,000	1,000

3. Long Term Debentures Payable — *(Continued)*

Series	Year of Repayment	Interest Rate	1982 (thousands of dollars)	1981 (thousands of dollars)
7	1994	9 1/4	$ 1,000	$ 1,000
8	1994	9 5/8	1,000	1,000
5	1994	9 5/8	1,000	1,000
*	1994	17	2,000	2,000
7	1995	9 1/4	1,000	1,000
6	1995	9 1/2	1,000	1,000
8	1995	9 5/8	1,000	1,000
*	1995	17	2,000	2,000
8	1996	9 5/8	1,000	1,000
5	1996	9 3/4	1,000	1,000
8	1997	9 5/8	1,000	1,000
5	1997	9 3/4	1,000	1,000
11	1997	12 3/4	1,500	—
9	1999	12	1,000	1,000
9	2000	12	1,000	1,000
11	2002	12 7/8	2,500	—
			72,000	62,000
Repayment required within one year			—	5,000
Net long-term debentures payable			$72,000	$57,000

* Heritage Fund O/C 1392/81

4. Commitments

Prior to December 31, 1982 the Board had approved the purchase of debentures from certain local governments of which $4.54 million were not purchased before the year-end.

5. Interest Expense

	1982 (thousands of dollars)	1981 (thousands of dollars)
Interest on long-term debt	$ 7,134	$ 4,410
Amortization of debt discount	—	52
Interest on current debt	5,676	5,449
	$ 12,810	$ 9,911

6. Investments in Municipal Securities

The Municipal Financing Corporation holds $1,705,500.00 of debentures issued by the Municipal Corporation of Uranium City and District. These debentures are comprised of:

Date of Issue	Maturity Date	Principal	Interest Rate
Dec. 15, 1975	1986-1990	$ 31,500.00	10 1/4%
July 15, 1977	1983-1986	167,000.00	9 1/2%
Nov. 1, 1977	1984-1987	1,257,000.00	9 5/8%
Dec. 1, 1977	1983-1986	250,000.00	9 1/2%
		$1,705,500.00	

7. Related Party Transactions

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.